

THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
August 18, 2020

Present:

Treasurer John McMillan, Chair
Mr. Robert Bradley
Ms. Patti Lambert
Dr. Ken Tucker
Mr. Tommy Dismukes
Gen. Paul Hankins
Mr. Jason Alderman
Mr. Sara Calhoun for Mr. Jimmy Baker
Mr. Marc Green for Dr. David Bronner
Mr. Kelly Butler
Dr. James Purcell

Absent:

Rep. Bill Poole
Sen. Donnie Chesteen
Sen. Garlan Gudger
Ms. Michelle Granberry

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Anita Kelley, Program Director
Ms. Brittany Carter, External Affairs
Mr. Dan Sherman, Sherman Actuarial Services
Mr. George McCurdy, Regions Bank
Mr. Robert Richardson, Regions Bank

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held on August 18, 2020. In accordance and compliance with Governor Ivey's first supplemental Statement of Emergency dated March 18, 2020, the meeting was held by video conference with access posted on the Secretary of State's meeting notice in order to allow the public to listen to, observe or participate in the meeting.

The meeting was called to order by Chair John McMillan at 11:00 a.m.

Roll was taken with a quorum present.

Chair McMillan presented the minutes of the May 19, 2020 board meeting. A motion for approval of the minutes as presented was made by Dr. Tucker, seconded by Gen. Hankins, with unanimous approval.

Chair McMillan asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the

budget for fiscal year 2020. She discussed tuition payments and stated the program paid out benefits in the amount of \$4.5 million to 1,634 students from 04/01/20 through 06/30/2020 and noted that the number of active accounts was 12,343. A transfer from the Education Trust Fund in the amount of \$15.7 million was received on 07/10/20. The report was received as informational.

Chair McMillan called on George McCurdy with Regions Bank to present the quarterly investment report. Mr. McCurdy gave an economic and financial market update. He discussed the asset value of the portfolio and stated that they are transitioning at maturity all assets to cash or cash equivalents to meet the cash flow needs of the Program over the next several years. He discussed the characteristics of the portfolio versus the Index. He stated total returns for the portfolio were .50% for the quarter with a year to date rate of return of 2.63%. The report was received as informational.

Chair McMillan called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 06/30/20 was \$103,408,962 and noted the funded ratio was 117.7% compared to the 09/30/2019 ratio of 116.6%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032. The report was received as informational.

Mr. Sherman presented the proposed actuarial assumptions for FY21. He stated the only proposed change to the current assumptions are the investment return rates. Due to the transition of the funds in the portfolio to cash and cash equivalents, the assumed rates of return required adjusting. Treasurer McMillan presented a resolution to approve the proposed assumptions. A motion to approve the resolution was made by Gen. Hankins, seconded by Mr. Bradley, with unanimous approval.

Chair McMillan called on Ms. Kelley to present information regarding the proposed Investment Management Transition Agreement with Regions Bank. She stated that a copy of the Investment Management Transition Agreement was provided in the board package. Chair McMillan presented a resolution to approve the Treasurer to enter into the transition agreement with Regions. A motion to approve the resolution was made Mr. Butler, seconded by Dr. Tucker with unanimous approval.

There being no further business to be discussed, a motion to adjourn was made by Gen. Hankins, seconded by Chair McMillan with unanimous approval. The meeting adjourned at 11:26 a.m.

Anita Kelley, Director

John McMillan, Chair